

Message Text

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ACTION ARA-17

INFO OCT-01 EUR-25 ADP-00 CIAE-00 DODE-00 PM-09 H-02

INR-09 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-14

USIA-12 COME-00 EB-11 LAB-06 SIL-01 OMB-01 AID-20

TRSE-00 NIC-01 RSR-01 /148 W
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R 231800 Z MAR 73

FM AMCONSUL PARAMARIBO

TO SECSTATE WASHDC 1273

INFO AMEMBASSY THE HAGUE

C O N F I D E N T I A L PARAMARIBO 129

E. O. 11652: GDS

TAGS: PINS, NS

SUBJECT: STRIKE SITUATION

REF: PARAMARIBO 128

SUMMARY: NEGOTIATIONS CONTINUE STYMIED AND MAY BE BROKEN OFF.
EARLIER ELECTIONS SEEM INCREASINGLY LIKELY. END SUMMARY.

1. GOVERNMENT AND UNIONS HAVE MADE NO PROGRESS WHATSOEVER IN
FURTHER NEGOTIATIONS. REPORTEDLY, ROMAN CATHOLIC BISHOP
ZICHEM, WHO AS CHAIRMAN OF IMPARTIAL CITIZENS' COMMITTEE IS
PRESIDING OVER TALKS, HAS TOLD BOTH SIDES THAT THERE SEEMS
NO POINT IN FURTHER DISCUSSIONS SINCE NEITHER SIDE HAS MOVED
FROM ORIGINAL POSITIONS. THE PARTIES REMAIN AT OPPOSITES ON
SUCH ISSUES AS WHETHER STRIKERS SHOULD BE PAID FOR DAYS ON
STRIKE AND WHETHER GOVERNMENT HAS RIGHT TO PENALIZE CUSTOMS
WORKERS WHO STRUCK IN DEFIANCE OF COURT ORDER. BOTH SIDES HAVE
TURNED SUCH ITEMS INTO MATTERS OF PRINCIPLE, WHICH NO LONGER
APPEAR AMENABLE TO COMPROMISE.

2. AS A RESULT OF CONTINUED IMPASSE, " POLITICAL SOLUTION"
(GOVERNMENT RESIGNATION AND EARLY ELECTIONS) SEEMS EVER MORE
LIKELY. IN RECENT PRESS INTERVIEW, PRIME MINISTER SEDNEY
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DISCUSSED GOVERNMENT'S WILLINGNESS TO GO TO EARLY ELECTIONS IF IT BECAME NECESSARY TO SOLVE CRISIS AND VHP CHAIRMAN LACHMON HAS STATED HIS PARTY WOULD NOT OPPOSE SUCH ELECTIONS BUT DOUBTED THAT DIFFERENT PARLIAMENTARY CONFIGURATIONS, WHEREAS IMC CAN AFFORD TO BE FLEXIBLE BECAUSE IT HAS MORE IMPORTANT OPERATIONS IN SEVERAL OTHER LATIN AMERICAN COUNTRIES.

3. THE AMBASSADOR TOLD O' NEILL THAT HE WOULD BE WILLING TO SPEAK TO THE MINISTER, NOT AS AN ADVOCATE, BUT IN AN EFFORT TO ELIMINATE MISUNDERSTANDINGS AND FACILITATE A REASONABLE COMPROMISE. THE MINISTER HAS CONSISTENTLY INDICATED THAT HE WANTS TO ENCOURAGE FOREIGN INVESTMENT IN THE MINING SECTOR. THE AMBASSADOR HAS FOUND HIM TO BE REASONABLE, FRANK, AND APPROACHABLE. THE AMBASSADOR COUNSELED O' NEILL THAT ABOVE ALL HIS COROPAAION SHOULD NOT RESORT TO PUBLIC PRESSURE OR PUBLICITY. IF THE LOCAL PRESS LEARNED OF THE TERMS THE MINISTER HAD PROPOSED, IT WOULD BE EXTREMELY DIFFICULT POLITICALLY FOR THE GOC TO SETTLE FOR LESS. ALSO FROM OUR POINT OF VIEW, IF QUESTIONS OF EXPROPRIATION WERE PUBLICLY RAISED IN THE STATES, OUR FLEXIBILITY WOULD BE LIMITED.

4. THE AMBASSADOR ALSO ASKED O' NEILL ABOUT SOME OF THE CHARGES THAT POLITICIANS FROM CHOCO HAD LEVELED AGAINST THE COMPANY. O' NEILL REPLIED THAT THESE POLITICIANS ARE POLITE AND REASONABLE IN PRIVATE MEETINGS WITH COMPANY OFFICIALS, BUT COMPLETELY DEMOGOGIC IN PUBLIC. HE SAID THE CHARGES ARE OBJECTIVELY FALSE, BUT ARE IMPOSSIBLE TO REFUTE BECAUSE THE COMPANY'S OPERATIONS ARE AN ISLAND OF WEALTH IN THE SEA OF POVERTY OF THE CHOCO. TIRADES AGAINST THE COMPANY ARE THE ONLY OUTLET FOR THE CHOCOANOS FRUSTRATION AND ANGER THAT STEM FROM THEIR POVERTY AND THE NEGLECT OF THE NATIONAL GOVERNMENT. THE LOCAL POPULATION O' NEILL SAID LIMITED OFFICIAL USE

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WERE VERY MUCH IN FAVOR OF THE COMPANY AND DID NOT WANT TO SEE IT GO. THE AMBASSADOR REQUESTED O' NEILL TO PROVIDE HIM WITH DATA ON TAXES THE COMPANY HAS PAID, AND WITH OTHER INFORMATION THAT WILL HELP TO ANSWER THE CHARGES AGAINST THE

COMPANY.

5. ON MARCH 20, THE MANAGER OF IMC' S COLOMBIAN OPERATIONS REPORTED TO THE EMBASSY THAT O' NEILL HAD SEEN THE MINISTER AGAIN EARLIER THE SAME DAY. O' NEILL ASKED THE MINISTER SPECIFIC QUESTIONS ON THE TAXES A JOINT VENTURE WOULD PAY, WHO WOULD MAKE POLICY, AND THE POSSIBILITY OF AN INCREASE IN THE CURRENT 14 PERCENT LIMIT ON PROFIT REPATRIATION. O' NEILL POINTED OUT THE DIFFICULTY OF RAISING THE QUIVALENT OF 5 MILLION DOLLARS IN PESOS IN THE TIGHT COLOMBIAN CAPITAL MARKET, WHICH WOULD BE REQUIRED IF THE GOC REFUSED TO ASSUME THE COSTS OF ANY OF THE SOCIAL BENEFITS. THIS WOULD REQUIRE A DECAPITALIZATION OF THE COMPANY AT ONE FELL SWOOP.

6. THE MINISTER APPEARED TO ACCEPT THIS AND OTHER OF O' NEILL' S POINTS WITH SOME SYMPATHY. HOWEVER, HE SPOKE OF THE DIFFICULTY OF CONTROLLING THE LATIN TEMPER. HE FEARED THAT IT WOULD BE DIFFICULT TO KEEP CONGRESS OUT OF THE AFFAIR MUCH LONGER. HE PROMISED TO GIVE O' NEILL A LETTER WITHIN A DAY OR TWO, SPELLING OUT THE TERMS ON WHICH THE GOC IS PREPARED TO ENTER AS THE SENIOR PARTNER IN IMC' S COLOMBIAN OPERATIONS. THE LETTER PROBABLY WILL RESPOND TO SOME OF THE POINTS O' NEILL MADE IN HIS LATEST MEETING WITH THE MINISTER. O' NEILL WILL RETURN TO NEW YORK TO PRESENT THE LETTER TO HIS BOARD OF DIRECTORS AS SOON AS HE RECIEVES IT.
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